

# INQUIRY INTO THE OPERATIONS OF DEFENCE HOUSING AUSTRALIA

## OPENING STATEMENT TO COMMITTEE HEARING WEDNESDAY, 23 MARCH 2016

The Australia Defence Association again thanks the committee for your invitation to make a written submission to this inquiry and for the opportunity to speak to our submission before you this morning.

Our written submission sought to provide some overall context to the importance of DHA as a major enabler of national defence capability.

We also noted the sad history of this issue, and its severely detrimental impact on the maintenance of an effective national defence capability, before the creation of DHA in 1988.

Further to our written submission we seek to note two additional points for consideration.

- First, the Department of Defence pays DHA a consolidated annual rent bill for the housing occupied by ADF personnel and their families.
  - As part of the equity-driven measures to ensure ADF personnel now need to be housed to standards comparable to those enjoyed by the Australian community generally – and to compensate these families for not being able to choose where they live or what rent they might otherwise have to pay if compulsorily posted somewhere with high rents – the family’s contribution to the annual rent bill is around 50 per cent of the \$600m in market rent Defence pays DHA each year.
  - It is important to keep this rent bill figure in its correct strategic security context as an input to the major defence force capability DHA helps provide.
  - It is not a “subsidy” to the personnel and their families concerned, nor is it a Defence “subsidy” to DHA.
  - It represents instead what the Australian community recognises it needs to invest in ADF personnel and their families so Australia and its national interests can continue to be protected by the maintenance of a fully-staffed and efficient defence force.
- Second, as the new Defence White Paper has noted, the size of our defence force needs to be increased in coming years. The attributed cost of this increase does not appear to include all the on-costs involved. The capacity of DHA to self-fund some of the increased ADF housing needed means its ability to continue successfully acting as an innovative housing developer should not be impaired by further bureaucratic meddling, nor by privatisation or asset-stripping.

Finally, the ADA written submission made several recommendations to bolster DHA as a key national defence capability enabler. In particular we again draw your attention to the need to:

- retain DHA as a Government Business Enterprise;
- not asset-strip or otherwise privatise it (for short-term financial gain that is only potential but would inevitably come at the price of significant long-term financial and defence force operational costs);
- amend the DHA Act to formalise its precedence over the PGPA Act;
- wholly administer DHA within the Department of Defence, with the financial responsibilities supervised by the Chief Finance Officer (CFO) and the strategic capability responsibilities supervised by the Vice Chief of the Defence Force (VCDF); and
- the Defence and Finance Ministers, as the shareholders, have a veto over actions by each other with any disagreement being only resolved by the national security committee of Cabinet.

DHA's role and capacity as a major national defence capability enabler can only be preserved if a non-partisan, non-ideological and whole-of-government perspective is consistently applied.

A failure to view DHA with such a wide-ranging, balanced and long-term perspective unfortunately created the circumstances that resulted in this inquiry.

Both governments and alternative governments of all political persuasions will gain by reinforcing DHA's major defence capability enabling role, not undermining it.

But both will lose, and the Australian community will suffer, by any government regarding DHA as just another GBE seemingly capable of being privatised or asset-stripped.